

**FSA**  
**HANDBOOK**

**Milk Income Loss  
Contract Program**

**For State and County Offices**

SHORT REFERENCE

**11-LD**

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farm Service Agency  
Washington, DC 20250



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<b>Milk Income Loss Contract Program</b> <b>11-LD</b>	<b>Amendment 1</b>
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**Approved by:** Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reason for Issuance**

This handbook has been issued to provide instructions for administering provisions of the MILC program.



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## **Part 1 Basic Program Provisions**

### **1 Handbook Purpose, Availability, and Restrictions**

#### **A Purpose**

This handbook provides general instructions for administering the MILC program.

#### **B Program Availability**

The MILC program is available to producers on dairy operations throughout the U.S., if the dairy operation produces and commercially markets milk during the period of December 1, 2001, through September 30, 2005.

#### **C Modification/Waiver Restrictions**

STC's and COC's and representatives and employees thereof, do not have the authority to modify or waive any of the provisions of this handbook unless authorized to do so by DAFP.

## 2 Sources of Authority and Related References

### A Legislation

The source of authority for the MILC program is the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171), which authorizes CCC to make direct monthly payments to dairy producers in the U.S.

### B Program Duration

The MILC program is authorized retroactively from December 1, 2001, through September 30, 2005.

### C Federal Regulations

Regulations governing the administration of the MILC program are provided in 7 CFR Part 1430.

### D Finality Rule

See 7-CP for provisions applicable to the finality rule.

### E Related Handbooks

Handbooks related to the MILC program include the following.

Handbook	Purpose
Appeals	1-APP
Signatures, estates, trusts, minors, or powers of attorney	1-CM
Misaction, misinformation, equitable relief, or finality rule	7-CP
Scheme, device, or failure to fully comply	4-CP
HELC/WC provisions	6-CP
Issuing payments	1-FI
Offsets	58-FI
Assignments and joint payments	63-FI
Prompt payment provisions	61-FI
Reporting to IRS	62-FI.



### 3 Administration and Responsibilities

#### A Program Administration

Administered under the general supervision of DAFP through PSD, FSA has the primary responsibility, through STC's and COC's for administering the MILC program.

#### B STC Responsibilities

STC's shall:

- supervise and monitor the MILC program to ensure that policies and procedures authorized in this handbook are being uniformly followed by County Offices
- take any action required by this handbook that has not been taken by COC
- correct, or require COC to correct, any action taken by COC that is not authorized according to this handbook.

#### C COC Responsibilities

COC's shall:

- administer the MILC program at the county level through CED under STC supervision
- inform producers about the eligibility requirements for MILC payments
- complete and review CCC-580's and other applicable program forms for completeness and accuracy
- approve or disapprove requested MILC payments according to this handbook
- determine whether the submitted production documentation provides the required information needed for the appropriate payments.

**Note:** Except for those in which CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-580's to CED.

#### D CED Responsibilities

CED's shall:

- carry out the day-to-day operations of the MILC program according to COC's determinations and this handbook
- approve or disapprove CCC-580's, if so delegated by COC.

**3 FSA Responsibilities (Continued)**

**E Nondiscrimination Responsibilities**

STC or COC shall not, on the basis of race, color, age, sex, national origin, disability, religion, or marital status, bar any producer from participation in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to participate in the MILC program.

**F Outreach Responsibilities**

STC and COC shall ensure that MILC program information and awareness is communicated to underrepresented individuals, groups, and communities. Underrepresented individuals, groups, and communities, may include, but are not limited to minority, Amish, and Mennonite farmers.

**4-9 Reserved**

**Part 2 Eligibility Requirements****10 Dairy Operation Eligibility****A Dairy Operation Definition**

An eligible dairy operation for MILC program purposes is any person or group of persons who as a single unit as determined by CCC, produces and markets milk commercially produced from cows and whose production facilities are located in the United States.

**Note:** Each State and County Office shall strictly adhere to and apply this definition to the MILC program in the **exact** same manner applied for the DMLA-III program in your State with no variation.

**B Dairy Operation Eligibility for Payment**

To be eligible to receive payments, a dairy operation must:

- have produced and marketed milk commercially in the U.S. anytime during the period of December 1, 2001, through September 30, 2005
- enter into CCC-580 with CCC agreeing to the prescribed terms and conditions during the signup period
- provide production evidence of monthly milk marketings to the local County Office
- include milk marketings from all persons that were involved in the dairy operation during the contract period
- actively be in the business of producing and marketing agricultural products at the time CCC-580 is signed
- certify compliance with the HELC and WC provisions on AD-1026.

**C Eligible Entities**

An eligible dairy operation may include any of the following entities that are engaged in an operation that markets milk commercially in the U.S.:

- an individual that has a beneficial interest in a dairy operation, has a financial risk in the dairy operation, and is a citizen of, or legal resident alien in, the U.S.
- a corporation, partnership, joint operation, estate, association, cooperative, or other business enterprise or other legal entity and, whenever applicable, a State, political subdivision of a State, or any agency thereof, and whose members are a citizen of, or legal resident alien in the U.S.

**10 Dairy Operation Eligibility (Continued)****C Eligible Entities (Continued)**

- Indian tribe of the Indian Self-Determination and Education Assistance Act
- Indian organization or entity chartered under the Indian Reorganization Act
- economic enterprise under the Indian Financing Act of 1974.

**D Eligible New Dairy Operations**

County Offices shall determine an eligible new dairy operation as any dairy operation purchased by a producer not affiliated with any dairy operation:

- that received a DMLA-III payment
- with an approved CCC-580 with CCC.

Beginning with FY 2003, any additional dairy operation purchased by a producer affiliated with a dairy operation that has an approved CCC-580:

- is subject to review by FSA to determine legitimacy
- will exist in the MILC program according to State interpretation of a dairy operation used during the previous DMLA programs in the State where the dairy is located.

Eligible new dairy operations may enter into a CCC-580 with CCC anytime during the duration of the MILC program application period.

A dairy operation is **not** considered new if dairy has an existing CCC-580 and does any of the following:

- changes the name of the dairy operation
- changes the identification number of the dairy for tax purposes
- relocates to another State or County
- additional shareholders are added to the dairy operation
- a spouse, child, or heir takes over the dairy operation for a decedent with a CCC-580.

**E Dairy Operations No Longer Conducting Business**

Dairy operations that go out of business after December 1, 2001, may enter into a CCC-580 with CCC for a transition period payment on the quantity of eligible production commercially marketed by the dairy operation during the transition period while the dairy operation was in business.

## 11 Producer Eligibility

### A Producer Definition

An eligible producer for MILC program purposes is any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other legal business enterprise or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in the United States
- directly or indirectly shares in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

### B Estates and Trusts

An eligible producer may be an estate or trust, including any of the following:

- a receiver of an insolvent debtor's estate
- an executor or an administrator of a decedent's estate
- a guardian of any of the following:
  - an estate
  - a ward
  - an incompetent person
- trustees of a trust estate, if their representative authority is legally valid, according to 1-CM.

Program documents executed by producers legally authorized to represent estates or trusts will be accepted only if such producers furnish evidence of the authority to execute such documents.

### C Minors

A minor may be an eligible producer if any of the requirements in 1-CM are met.

### D Hired Hands

Hired hands who work for the dairy operation for a share of the milk proceeds or production may be an eligible producer if they meet the definition of an eligible producer as provided in subparagraph A.

**11 Producer Eligibility (Continued)**

**E Foreign Person Eligibility**

Foreign Persons with a working visa or other valid taxpayer identification number in an eligible dairy operation is eligible to receive MILC benefits, if they meet the definition of an eligible producer, as provided in subparagraph A.

**12 Producer Ineligibility**

**A Ineligibility**

Ineligible producers are producers who:

- do not meet the definition of an eligible producer according to subparagraph 11 A
- are not a part of an eligible dairy operation according to paragraph 10
- violate WC and HELC provisions, according to 6-CP
- are convicted under Federal or State law of a controlled substance violation, according to 1-CM.

**13 Production Eligibility****A Eligible Production**

All milk produced by cows in the U.S., and marketed commercially anytime during the period of December 1, 2001, through September 30, 2005, up to the maximum eligible quantity provided in subparagraph B, is eligible production for MILC program benefits.

**Note:** Commercially marketed milk production is a marketing of milk for which there is verifiable sales or delivery record of milk marketed for commercial use.

**B Maximum Eligible Quantity**

The maximum quantity of production eligible for MILC payment per FY, including the transition period, is 2.4 million pounds per dairy operation. The maximum eligible quantity of 2.4 million pounds is equivalent to 24,000 cwt per dairy operation.

**Note:** Cwt = 100 pounds.

Milk production produced during any FY will not count towards a dairy operation's maximum eligible quantity for months during that FY:

- when the Boston Class I price exceeds \$16.94 per cwt, and there is no payment rate for that month
- that precede the MILC start month designated on the CCC-580 for the applicable FY.

**C Production Marketed Outside the U.S.**

Dairy operations that produce milk in the U.S., and commercially market the milk production outside the U.S., are eligible to receive MILC benefits.

**D Dumped Production**

Milk delivered to a handler that does not contaminate the bulk load that is paid for by the handler and reflected in the milk check, but is ultimately dumped by the handler, is eligible production for the MILC program.

Refer to paragraph 14 for dumped milk that is considered ineligible production.

## 13 Production Eligibility (Continued)

### E Production Certification

All milk production produced and commercially marketed by the dairy operation for each applicable month must be specified and certified on the CCC-580 during the contract period, **except for months:**

- when the payment rate is zero
- that follow after the maximum eligible production cap is reached
- when producers in the dairy operation will not be paid.

Monthly milk production may **not** be apportioned to circumvent the maximum eligible production quantity for the dairy operation.

## 14 Ineligible Production

### A Dumped Milk Production

The following situations are not considered commercially marketed milk and are therefore ineligible production for the MILC program:

- dumped milk that causes the contamination of a bulk load for which an insurance indemnity is paid to the producer for the contaminated milk
- milk dumped on the farm by State or health department order.



**15 Eligible MILC Payments**

**A Types of MILC Payments**

The following types of payments are available to eligible dairy operations under the MILC program:

- transition period payment
- monthly contract payment.

**B Transition Period Payment Definition**

MILC payments issued for the period from December 1, 2001, until the time the dairy operation enters into a CCC-580 with CCC, is referred to as transition period payment.

Refer to paragraphs 28 and 29 for transition period and post transition period payments provisions.

**C Contract Period Payment Definition**

MILC payments issued during the months following the transition period are referred to as contract period payments.

Refer to paragraph 30 for contract period payment provisions.

**16-19 (Reserved)**



**Part 3 Computing MILC Payments****20 MILC Payments****A National Payment Rate**

MILC payments will be issued to eligible dairy operations on a monthly basis when the Boston Class I milk price is below \$16.94 per cwt. When this price exceeds \$16.94:

- no payments will be made to the dairy operation for that month
- production for that month will not count towards the operations maximum eligible production
- production evidence is not required from the producer for that month.

Payment rates will be rounded 7 places to the right of the decimal.

**B Issuing Payments**

After CCC-580 is approved by COC or designee, payments will be issued **no later than** 60 calendar days after the production evidence for the applicable month is received by the County Office.

**C Prompt Payment Provisions**

Prompt payment interest will apply to MILC payments issued by CCC later than 60 calendar days after all:

- production evidence and supporting documentation for the month is provided to the County Office
- eligibility requirements are met.

Refer to 61-FI for prompt payment interest provisions.

**D Assignments and Offsets**

MILC payments are subject to assignment and offset. See subparagraph 2 D, for the applicable handbook reference.

**E Advance Payments**

Advance payments will **not** be issued for the MILC program.

**20 MILC Payments (Continued)**

**F Direct Deposit Requirement**

The Debt Collection Improvement Act of 1996 requires any recipient of Federal payments who becomes eligible for that payment after July 25, 1996, to receive the payment by electronic funds transfer. All producers receiving benefits under the MILC program must file SF-1199A according to 1-FI, Part 3.

## 21 Calculating MILC Payments

### A Payment Calculation

When the Boston Class I milk price is below \$16.94 per cwt, the payment rate is determined for the applicable month by:

- subtracting the Boston Class I milk price per cwt from \$16.94
- multiplying the difference times 45 percent.

This payment calculation is applicable to both transition period payments and contract payments.

### B Calculation Example

The following is an example of the MILC payment calculation:

The Boston Class I price announced in June 2003 is \$12.99.

$$\$16.94 - \$12.99 = \$3.95$$

$$\$3.95 \times 45\% = \$1.7775$$

Payment rate for June 2003 is **\$1.7775**.

### C Measurement Conversion

Payment for each dairy operation will be calculated by converting whole pounds of milk to cwt and multiplying the payment rate times the quantity of eligible production.

### D Maximum Quantity for Payment

The maximum quantity of eligible production for which dairy operations are eligible for payment per FY, including the transition period, is 2.4 million pounds which is equivalent to 24,000 cwt per dairy operation.

**Note:** Monthly milk production may not be apportioned to circumvent the maximum quantity for payment.

**22 Boston Class I Milk Prices**

**A Class I Milk Definition**

Class I milk is milk, including milk components, classified as Class I milk under a Federal milk marketing order issued by AMS.

Only the Boston Federal milk marketing order is applicable to the MILC program.

**B Price Announcement and Posting**

Boston Class I milk prices are announced monthly and posted to:

- AMS web site at  
[http://www.fmmone.com/Northeast\\_Order\\_Prices/New\\_Prices\\_main.htm#Advance](http://www.fmmone.com/Northeast_Order_Prices/New_Prices_main.htm#Advance)
- PSD web site at  
<http://www.fsa.usda.gov/dafp/psd>.

The Boston Class I fluid milk price is announced on the Friday on or before the 23<sup>rd</sup> of each month.

**23-24 Reserved**

**Part 4 MILC Program Administration****25 MILC Payment Start Month Selection****A Start Month Selection**

During FY 2003 through 2005, producers in a dairy operation participating in the MILC program must select a month CCC shall begin issuing payments to the dairy operation. The start month selected by the dairy operation must be designated on the CCC-580, according to paragraph 36. The start month selection must be made by the dairy operation and designated on the CCC-580 in the County Office:

- on or before the 15<sup>th</sup> of the month before the start month selected by the producers in the dairy operation
- before the Boston Class I fluid milk price of the month selected by the producers in the dairy operation is announced to the public.

Beginning with the month selected by the dairy operation and once required production evidence has been received by the County Office, MILC payments will be issued on a consecutive monthly basis until the earlier of the following:

- the maximum payment quantity is reached according to subparagraph 21 D
- the applicable FY ends.

**B Start Month Selection Example**

If ABC Dairy selects December 2002 as their starting month to begin receiving payments from CCC, then ABC Dairy must make their start month selection by November 15, 2002.

**C Start Month Selection Restrictions**

A dairy operation cannot select a month for payment for which any of the following has occurred:

- a month that has already begun
- the month has already passed
- no milk production was produced by the dairy operation.

**25 MILC Payment Start Month Selection (Continued)**

**D Producer Agreement of MILC Payment Start Month**

All producers involved in the dairy operation must agree to the month designated. The dairy operation assumes the risk of not reaching the maximum payment quantity based on the month selected and agreed to by the producers in the dairy operation.

**Note:** Payments will not be issued for past months for the sole purpose of reaching the maximum payment quantity.



**26 Non-Selection Requirements****A No Start Month Is Selected**

Dairy operations that do not select a start month to begin receiving payments from CCC and designate that MILC payment start month on the CCC-580 will be issued payments beginning with the first month of the applicable FY and continue consecutively each month thereafter until the earlier of the maximum eligible payment quantity of 2.4 million pounds per dairy operation is reached or the end of the applicable FY.

**B Non-Selection Exception**

For contracts submitted for the first time only, the producers in the dairy operation may choose to not select their MILC payment start month at the time they submit their CCC-580 to the County Office.

Producers who choose not to select a MILC payment start month at the time they submit CCC-580 to the County Office must:

- inform the County Office when CCC-580 is submitted that they will not be making a start month selection
- in CCC-580, block 18, include the statement, "no designation at this time".

**Note:** Producers shall initial and date the statement.

Payments will be issued beginning with the first month of the FY, if:

- no month is selected by the dairy operation and designated on CCC-580
- the County Office is not notified otherwise of the dairy operations intentions according to this subparagraph.

**27 Changing Start Month Selection****A Changing MILC Payment Start Month**

Changes to the MILC payment start month designated on CCC-580 must be made on or before the 15<sup>th</sup> of the month before the new MILC payment start month selected by the dairy operation. Otherwise, the MILC payment start month can only be changed for the following FY.

**B No Change To MILC Payment Start Month**

If the MILC payment start month is never modified by the producers in the dairy operation, the start month originally selected and designated on CCC-580 will remain the same throughout the duration of the MILC.

**C Changes of MILC Payment Start Month On CCC-580**

Producers in a dairy operation participating in the MILC program who elect to change their MILC payment start month must complete Part F, items 19 through 23, of the CCC-580 on file in the appropriate County Office for each change made to a MILC payment start date selection, according to paragraph 36.

Changes must be signed and dated by the contact producer of the dairy operation or other person authorized under the general rules of signature authority provided in 1-CM.

**D Changing Limitations**

There is no limit on the number of times the MILC payment start month may be changed, as long as the change is made on or before the 15<sup>th</sup> of the month before the new month being selected and before payment is sought.

**Part 5 MILC Payment Provisions****28 Transition Period****A Eligible Transition Period Payments**

An eligible dairy operation may receive a payment on the quantity of eligible production marketed during the period beginning December 1, 2001, and ending on the last day of the month preceding the month the dairy operation's CCC-580 is executed by CCC.

**Note:** If the dairy operation produced no milk production during the month of December 2001, the dairy operations transition period will begin during the month actual milk production began.

**B Transition Period Example**

ABC Dairy signs CCC-580 on September 15, 2003. CCC approves and signs CCC-580 on September 30, 2003. The transition period for ABC Dairy operation is December 1, 2001, through August 31, 2003.

**C Issuing Transition Period Payments**

Transition period payments are retroactive to December 1, 2001, and will be paid consecutively on a monthly basis until the earlier of the following:

- the last day of the month preceding the month the operation's CCC-580 is executed by CCC
- the maximum payment quantity is reached according to subparagraph 21 D.

Transition period payments will be issued in 1 lump sum payment, provided all required production evidence for the applicable months is provided to the County Office according to paragraph 38.

**Note:** For contract period months following the transition period, the payment may also be included in the lump sum payment provided all production evidence is provided to the County Office by the time the initial transition period payment is disbursed.

**D Option to Forgo Transition Period Payment**

The option to forgo the transition period payment is:

- only applicable to FY 2002
- not available during FY 2003 through FY 2005.

**29 Post Transition Period****A FY 2002 Post Transition Period Months**

If CCC-580 is entered into during FY 2003 and the operation:

- **reaches** the production cap within the transition period, no additional FY 2003 payments will be earned
- **does not reach** the maximum eligible production cap by the end of the transition period, payments to the dairy operation will continue during the month their completed CCC-580 was submitted to the County Office (August 2003), and subsequent months thereafter until the earlier of the following:
  - 2.4 million maximum eligible production cap is reached
  - end of FY 2003.

**B Transition Periods in Multiple FY's**

Transition period payments may carry over multiple FY's depending on the date the producers in a dairy operation make an offer to enter into a contract with CCC, on CCC-580. Eligible dairy operations are subject to a maximum eligible production cap of 2.4 million pounds per FY, including the production counted for an operation during the transition period.

**C FY 2003 Through 2005 Post Transition Period Months**

If the transition period carries over to multiple FY's, according to subparagraph B, and a MILC payment start month has been selected by the dairy operation and designated on CCC-580, the producers in the eligible dairy operation will receive consecutive monthly payments beginning from December 1, 2001, and continue with the first month of the carryover FY, through the month preceding the month the dairy operation submits a completed CCC-580 to the County Office. The dairy operation will **not** receive a payment for the month the dairy operation submits a completed CCC-580 to the County Office. Refer to subparagraph D for an example of this option.

If a MILC payment start month is not selected and the dairy operation has remaining pounds, then a payment would be issued for the contract month, which is the month CCC-580 is submitted. This is in addition to any transition period payments made during that FY. Refer to subparagraph E for an example of this option.

**29 Post Transition Period (Continued)****D Example of Non-Selection Of Start Month in Multiple FY's**

**Scenario:** ABC Dairy Operation submits a completed CCC-580 to the County Office on December 11, 2003. The transition period for ABC Dairy Operation is December 1, 2001, through November 30, 2003. ABC Dairy Operation's transition period carries over to another FY, therefore, the operation will receive a FY 2003 transition period payment for December 1, 2001, through the earlier of the maximum eligible quantity is reached or the end of FY 2003.

The dairy operation's transition period payment will continue in FY 2004, and the operation will continue receiving transition period payments in FY 2004 for the months of October and November. The operation chooses not to designate a MILC payment start month, therefore, the operation's payment will continue beginning with December (the month the operation submitted CCC-580) through the earlier of the maximum payment quantity is reached or the end of FY.

**E Example of Selection of Start Month in Multiple FY's**

Using the same scenario provided in subparagraph D, the dairy operation's transition period payment will continue in FY 2004, and the operation will continue receiving transition period payments in FY 2004 for the months of October and November. At the time CCC-580 is submitted to the County Office, ABC Dairy Operation designates March 2004 as their MILC payment start month to begin receiving payments from CCC. Therefore, after transition period payments are received for October and November, FY 2004 payments will cease and resume in March 2004, and will be issued consecutively thereafter for all production marketed and produced in each month until the earlier of the maximum payment quantity is reached or the end of FY.

**F Post Transition Period Production Cap**

If the maximum eligible production cap has not been reached and if there are months remaining in the applicable FY following the transition period, the dairy operation may do either of the following:

- continue receiving consecutive monthly payments for the remainder of the applicable FY until the maximum eligible production cap is reached
- select the starting month the producers in the eligible dairy operation would like to begin receiving payments from CCC from the months remaining in the applicable FY after the month the completed CCC-580 is submitted to the County Office.

**30 Contract Period Payment Provisions****A Contract Period Payments**

Contract period payments are MILC payments issued for any of the following:

- the period of consecutive months, from the selected start month or first month of the fiscal year following transition period for existing dairy operations
- the period of consecutive months, including the month the dairy operation entered into a CCC-580 with CCC, and:
  - is a new dairy operation
  - is not entitled to a transition period payment
  - did **not** select a start month
- the period of consecutive months from the selected start month, following the month the dairy operation entered into a CCC-580 with CCC, and:
  - is a new dairy operation
  - is not entitled to a transition period payment
  - has selected a start month.

**31-34 (Reserved)**

**Part 6 MILC Program Application Requirements****35 Filing CCC-580****A Applying for MILC Benefits**

A dairy operation shall use CCC-580 to apply for MILC benefits. A separate CCC-580 must be filed for each dairy operation that produced and commercially marketed milk during the authorized program period. The total pounds of milk marketed under the dairy operation during each applicable month of the FY for all producers receiving a share of the milk marketed must be included on one CCC-580 to complete the contract for approval by CCC. More than 1 contract for a dairy operation is not acceptable for the MILC program.

**Example:** Dairy Operation 1 consists of 2 persons who jointly share in the operation 50 percent. Dairy Operation 2 consists of 1 of the persons from Dairy Operation 1, but this person has 100 percent interest in Dairy Operation 2. There will be 2 contracts, provided the operations are determined separate according to the State where the dairy operations are physically located, according to paragraph 52.

- Dairy Operation 1 files a contract that includes all milk marketed for both persons on Dairy Operation 1 and the application is shared 50-50 between the 2 persons.
- Dairy Operation 2 files a contract for all milk marketed on Dairy Operation 2.

**B Contract Numbers**

Contract numbers will be assigned through the forthcoming Intranet software and must be manually transferred to CCC-580 after the County Office has entered the information. See paragraph 36 for instructions on completing CCC-580.

**C Availability of CCC-580**

CCC-580 is available electronically on the following web sites:

- eForms web site at <http://www.sc.egov.usda.gov>
- FSA web site at <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>
- PSD web site at <http://www.fsa.usda.gov/dafp/psd>.

State Offices shall locally reproduce CCC-580.

**35 Filing CCC-580 (Continued)****D Requesting CCC-580**

Eligible dairy operations can obtain CCC-580 to request MILC benefits from the County Office where the dairy operation is physically located as follows:

- in person
- by mail
- by telephone
- by facsimile.

Applications may also be downloaded by the producer from the Internet at the following web sites:

- PSD web site located at <http://www.fsa.usda.gov/dafp/psd>
- eForms web site located at <http://www.sc.egov.usda.gov>.

If contract applications are requested by mail, telephone, facsimile, or downloaded from the Internet, the contract applications must be completed correctly, signed, and returned to the applicable County Office by COB on the deadline date determined by FSA, to be considered eligible for MILC benefits.

**Note:** If the operation is returning the contract by FAX, the producer must have FSA-237 on file in the County Office according to 1-CM.

**E Signature Requirements**

All producers who share in the risk of a dairy operation's total production must certify to the information in the contract before the contract will be considered complete or approved by CCC.

County Offices shall follow 1-CM for producers' signature and authorization provisions and for persons signing CCC-580 in a representative or fiduciary capacity.



**35 Filing CCC-580 (Continued)****F Approving CCC-580**

COC, or designee shall:

- be satisfied that all eligibility requirements of Part 2 have been met before approving CCC-580
- **not** approve any CCC-580 that was requested or received after COB on the deadline date determined by FSA
- **not** approve MILC contracts for a joint venture or joint operation **unless** all members of the joint venture or joint operation who share in the milk marketed commercially from the dairy operation have signed CCC-580.

**G Other Applicable Forms**

AD-1026 is required for MILC benefits. HELC and WC rules do apply. Refer to 6-CP for guidance on HELC/WC provisions.

## 36 Completing CCC-580

**A Instructions for Completing CCC-580**

Complete CCC-580 according to the following table.

<b>Item</b>	<b>Instructions</b>
1A-1B	Enter name of the dairy operation and farm number.
2	COC designee shall enter the applicable State code.
3	COC designee shall enter the applicable County code.
4	COC designee shall enter the contract number assigned from Intranet software.
5	Enter the date the contract is submitted by the dairy operation.
6A-6B	Enter the name, address, and telephone number of the contact producer for the dairy operation.
7A-7B	COC designee shall enter the name, address, and telephone number of the County Office.
8-11	After thoroughly reading the participation statement in Part B and the attached Appendix, sign, provide ID number, date, and indicate share, as applicable. All producers who share in the dairy operation must also sign, date, indicate shares, and provide ID numbers, as applicable.
12	COC designee shall enter a check mark in the appropriate box to approve or disapprove the contract application.
13A-13C	COC designee shall enter the signature of COC designee, title, and date of signature.
14	Enter any remarks regarding disapproval of the contract application.
15	Check the applicable box in response to the question, "Does the dairy operation elect to receive a payment for the transition period?"  <b>Note:</b> This question is only applicable to dairy operations submitting a contract during FY 2002.
16	Enter the MILC payment start month the dairy operation would like to begin receiving payments from CCC.  <b>Note:</b> If no month is designated, MILC payments will by default be issued consecutively starting with the first month of the FY with actual milk production.
17A	Enter the pounds of production for the applicable months for FY 2002.
17B	Enter the cwt of production for the applicable months for FY 2002.
17C-17D	COC designee shall enter applicable payment rate and amount.

**Note:** COC designee may substitute entries in items 17 and 18 with production/payment summary reports generated from the Intranet software.

## 36 Completing CCC-580 (Continued)

## A Instructions for Completing CCC-580 (Continued)

Item	Instructions
18	Enter the start month the dairy operation would like to begin receiving payments from CCC during the 2003 through 2005 FY's.
18A	Enter the pounds of production for the applicable months for FY 2003, 2004, and 2005, in the appropriate block.
18B	Enter cwt of production for the applicable months for FY 2003, 2004, and 2005 in the appropriate block.
18C-18D	COC designee shall enter applicable payment rate and amount for each FY in the appropriate block.
19	If changing MILC payment start month, enter the applicable FY.
20	If changing MILC payment start month, enter the previous month selected in CCC-580.
21	If changing MILC payment start month, enter the new MILC payment start month selected by the dairy operation.
22	If changing MILC payment start month, sign to confirm change to newly selected MILC payment start month.
23	If changing MILC payment start month, provide date change to newly selected MILC payment start month is confirmed.

**Note:** COC designee may substitute entries in items 17 and 18 with production/payment summary reports generated from the Intranet software.

## 36 Completing CCC-580 (Continued)

## B Example of CCC-580

This is an example of CCC-580, page 1.

This form is available electronically. <b>CCC-580</b> (08-08-02)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation		<b>NOTE:</b> The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.	
<b>MILK INCOME LOSS CONTRACT (MILC)</b>					
<b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.					
<b>PART A - GENERAL INFORMATION</b>					
1A. Name of Dairy Operation (Prepare 1 contract per dairy operation)		2. State Code	3. County Code	4. Contract Number	5. Contract Period
1B. Farm Number:					FROM: (MM-DD-YYYY)      TO: <div style="text-align: right;">09-30-2005</div>
6A. Contact Producer's Name and Address (including ZIP Code)			7A. Name and Address of County FSA Office (including ZIP Code)		
6B. Telephone Number (including Area Code):			7B. Telephone Number (including Area Code):		
<b>PART B - PARTICIPANT SIGNATURE(S)</b>					
<b>THIS CONTRACT TO PARTICIPATE</b> is entered into between the Commodity Credit Corporation (referred to as "CCC") and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this Contract including the Appendix to this Contract, CCC-580 Appendix, entitled "Appendix to Form CCC-580, Milk Income Loss Contract" (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Milk Income Loss Contract program for the stipulated contract period from the date the Contract is executed by the CCC. By signing below, the Participant (1) acknowledges receipt of the CCC-580 Appendix, and agrees to abide by the terms and conditions contained therein; and (2) agrees to comply with the regulations governing the applicable program eligibility and maximum eligible production provisions per dairy operation. This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability. <b>The terms and conditions of this contract are contained in this Form CCC-580 and in the CCC-580 Appendix and any addendum thereto. BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE RECEIPT OF THE FOLLOWING FORMS: CCC-580 Appendix and any addendum thereto.</b>					
8. Producer's Signature		9. Producer's ID Number		10. Date	11. Share
<b>PART C - CCC ACCEPTANCE AND APPROVAL</b>					
12. Contract Status (Check appropriate box below): <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input type="checkbox"/> Approved      <input type="checkbox"/> Disapproved       </div>					
13A. Signature of COC Designee		13B. Title		13C. Date (MM-DD-YYYY)	
14. Remarks					
<div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Original - County Office Copy      <input type="checkbox"/> Dairy Operation's Copy       </div>					

## 36 Completing CCC-580 (Continued)

**B Example of CCC-580 (Continued)**

This is an example of CCC-580, page 2.

CCC-580 (08-08-02) (Page 2 of 3)

**PART D - TRANSITION PAYMENT ELECTION**

15. Does the dairy operation elect to receive a payment for the transition period? (Check the applicable box) YES ☐ NO ☐

If your answer is "YES", enter in Part E the production for the Fiscal Year 2002 transition period beginning with December 2001.  
If your answer is "NO", proceed to question 16.

16. Enter the start month the dairy operation would like to begin receiving payments from CCC: \_\_\_\_\_

**NOTE:** Dairy operations that elect to forgo their transition period payment, may select from the remaining months in the applicable fiscal year the month the dairy operation would like to begin receiving payments from CCC. A dairy operation cannot select a month for payment which (a) has begun; (b) has already passed; or (c) no milk production was produced by the dairy operation.

**PART E - PRODUCTION CERTIFICATION**

17. Transition Period:

FY 2002	A. Production - Pounds	B. Production - CWT	C. Payment Rate	D. Payment Amount
October				
November				
December			\$	\$
January			\$	\$
February			\$	\$
March			\$	\$
April			\$	\$
May			\$	\$
June			\$	\$
July			\$	\$
August			\$	\$
September			\$	\$

18. Enter the start month the dairy operation would like to begin receiving payments from CCC during the 2003 through 2005 fiscal years: \_\_\_\_\_  
(Enter production data beginning with month selected by the dairy operation in corresponding spaces below. Indicate start month changes in Part F).

FY 2003	A. Production - Pounds	B. Production - CWT	C. Payment Rate	D. Payment Amount
October			\$	\$
November			\$	\$
December			\$	\$
January			\$	\$
February			\$	\$
March			\$	\$
April			\$	\$
May			\$	\$
June			\$	\$
July			\$	\$
August			\$	\$
September			\$	\$

## 36 Completing CCC-580 (Continued)

**B Example of CCC-580 (Continued)**

This is an example of CCC-580, page 3.

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FY 2004	A. Production -Pounds	B. Production - CWT	C. Payment Rate	D. Payment Amount
October			\$	\$
November			\$	\$
December			\$	\$
January			\$	\$
February			\$	\$
March			\$	\$
April			\$	\$
May			\$	\$
June			\$	\$
July			\$	\$
August			\$	\$
September			\$	\$
FY 2005	A. Production -Pounds	B. Production - CWT	C. Payment Rate	D. Payment Amount
October			\$	\$
November			\$	\$
December			\$	\$
January			\$	\$
February			\$	\$
March			\$	\$
April			\$	\$
May			\$	\$
June			\$	\$
July			\$	\$
August			\$	\$
September			\$	\$

**PART F - CHANGES OF START MONTH**

Your selection may be changed before the first day of the month previously selected. Otherwise the starting month cannot be changed. Use Item 19 through Item 23 to indicate start month changes, if applicable. Changes must be signed and dated by the contact producer of the dairy operation.

19. Applicable Fiscal Year	20. Previous Month Selected	21. New Month Selected	22. Signature	23. Date (MM-DD-YYYY)

## 36 Completing CCC-580 (Continued)

## C Example of CCC-580 Appendix

This is an example of CCC-580 Appendix, page 1.

This form is available electronically.

**CCC-580 Appendix**  
(08-08-02)

U.S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

*See Page 7 for Privacy Act.*

### APPENDIX TO FORM CCC-580, MILK INCOME LOSS CONTRACT

**NOTE:** The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.

#### 1 DEFINITIONS

The following definitions are applicable to the Milk Income Loss Contract (MILC) Program:

- A Administrator** means the FSA Administrator.
- B Contract application** means Form CCC-580, the Milk Income Loss Contract.
- C Contract application period** means the date established by the Deputy Administrator for producers to apply for program benefits.
- D CCC** means the Commodity Credit Corporation.
- E Class I Milk** means milk, including milk components, classified as Class I milk under a Federal milk marketing order.
- F County Committee** means the FSA county committee.
- G County Office** means the local FSA office.
- H Dairy Operation** means any person or group of persons who as a single unit as determined by CCC, produce and market milk commercially produced from cows and whose production facilities are located in the United States.
- I Department or USDA** means the United States Department of Agriculture.
- J Deputy Administrator** means the Deputy Administrator for Farm Programs (DAFP), Farm Service Agency (FSA) or a designee.
- K Eligible Production** means milk that was produced by cows in the United States and marketed commercially anytime during the period of December 1, 2001, through September 30, 2005, up to a maximum of 2,400,000 pounds per dairy operation per fiscal year.
- L Farm Service Agency or FSA** means the Farm Service Agency of the Department.
- M Federal Milk Marketing Order** means an order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.
- N Fiscal Year** means the year beginning October 1 and ending the following September 30th. For example, the 2003 fiscal year begins October 1, 2002, and ends on September 30, 2003. The 2002 fiscal year, which includes the transition period, will begin on December 1, 2001, and end on September 30, 2002.
- O Marketed commercially** means sold to the market to which the dairy operation normally delivers whole milk and receives a monetary amount.
- P Milk handler** means the marketing agency to or through which the producer commercially markets whole milk.
- Q Milk Income Loss Contract or CCC-580** means the program documents including the applicable contract appendix, entered into between CCC and the participant. Such contract shall set forth the terms and conditions for participation in the MILC program and receipt of MILC payments.

## 36 Completing CCC-580 (Continued)

## C Example of CCC-580 Appendix (Continued)

This is an example of CCC-580 Appendix, page 2.

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- R Milk Marketing** means a marketing of milk for which there is a verifiable sales or delivery record of milk marketed for commercial use.
- S Participating State** means each of the 50 States in the United States of America, including the District of Columbia, and the Commonwealth of Puerto Rico.
- T Payment Pounds** means the pounds of milk production for which an operation is eligible to be paid up to a maximum of 2.4 million pounds per dairy operation per fiscal year.
- U Producer** means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien or aliens in the United States, and who directly or indirectly, as determined by the Secretary, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of this operation.
- V Secretary** means the Secretary of the United States Department of Agriculture or any other officer or employee of the Department who has been delegated the authority to act in the Secretary's stead with respect to the program established in the part.
- W Transition period** means the period from December 1, 2001 until the time the dairy operation enters into contract with CCC.
- X United States** means the 50 States of the United States of America, the District of Columbia, and the Commonwealth of Puerto Rico.
- Y Verifiable Production Records** means evidence that is used to substantiate the amount of production reported and that can be verified by CCC through an independent source.
- Z** All other words and phrases, unless the context of subject matter otherwise requires, shall have the meanings assigned to them in the regulations governing the Milk Income Loss Contract Program which are found at 7 CFR Part 1430.

## 2 ELIGIBILITY REQUIREMENTS FOR MILC PROGRAM

- A** By signing the MILC, the participant certifies that such participant produced and marketed milk commercially in the United States anytime during the period of December 1, 2001 through September 30, 2005. The participant agrees to provide monthly milk production and evidence of such production commercially marketed by all persons in the dairy operation during the Contract Application period indicated in Item 5 of the MILC, to determine the total pounds of milk that will be converted to hundredweight (cwt) and subsequently used for payment. Such production evidence must be provided before CCC will issue a payment to the dairy operation.
- B** The Dairy operation must comply with highly erodible land and wetland conservation provisions provided at 7 CFR Part 12 and all other provisions prescribed in the Milk Income Loss Contract Program Regulations at 7 CFR Part 1430.

## 3 RESTRICTIONS ON PAYMENTS TO FOREIGN PERSONS

- A** Any producer who enters into this Milk Income Loss Contract or participates in such contract at any time who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U. S.C. 1101 et. seq.) shall be ineligible to receive monthly payments under this contract unless such person meets the requirements of 7 CFR Part 1400 which shall be applicable to this contract.



## 36 Completing CCC-580 (Continued)

**C Example of CCC-580 Appendix (Continued)**

This is an example of CCC-580 Appendix, page 3.

CCC-580 Appendix (08-08-02)

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- B** Persons succeeding to a Milk Income Loss Contract must notify CCC immediately of succession and modify the contract accordingly.

**4 SELECTION OF STARTING MONTH PROVISIONS**

- A** With the exception of the transition period, a dairy operation that enters into a Milk Income Loss Contract with CCC, must designate in the contract the month that CCC shall begin making payments to the dairy operation.

The starting month selected by the dairy operation must be before the first day of the month for which payment is sought.

- B** A dairy operation cannot select a month for payment for which the following has occurred:

- (1) The month has already begun;
- (2) The month has already passed; or
- (3) No milk production was produced by the dairy operation.

- C** Dairy operations cannot change the selected starting month unless the change occurs before the first day of the month selected. Otherwise, the starting month selected by the dairy operation cannot be changed in the Milk Income Loss Contract until the next Fiscal Year. If the starting month selected by the dairy operation is never modified from the initial selection, the selected month will remain the same for each fiscal year for the duration of the contract.

- D** Payments will be made consecutively to the dairy operation on a monthly basis after the starting month has been designated in the Milk Income Loss contract until the earlier of the following:

- (1) Payment quantity is reached.
- (2) End of fiscal year

- E** Dairy operations that do not designate the month to begin receiving payments from CCC, will by default be issued payments consecutively starting with the first month of the fiscal year.

- F** All producers involved in the dairy operation must agree to the month designated in the Milk Income Loss Contract that CCC will issue payments. The dairy operation assumes the risk of not reaching the maximum payment quantity based on the month selected by the dairy operation. Payments will not be issued for past months for the sole purpose of reaching the maximum payment quantity, when the starting month was erroneously or otherwise selected by the dairy operation.

**5 TRANSITION PAYMENT PROVISIONS**

- A** Notwithstanding any other provision in this appendix, dairy operations that enter into a Milk Income Loss Contract with CCC shall receive a payment on the quantity of eligible production marketed by the dairy operation during the period beginning December 1, 2001, and ending on the last day of the month preceding the month the producers in the dairy operation entered into the Milk Income Loss Contract with CCC.

- B** Payments issued during the transition period are subject to the following:

- (1) Maximum payment quantity on eligible production, 2,400,000 pounds or 24,000 hundredweight.
- (2) Consecutive monthly payments beginning on December 1, 2001, and if applicable the beginning of the fiscal year thereafter, until the earlier of the payment quantity is reached or the end of the fiscal year.

- C** The dairy operation may elect to forgo their transition payment and select from the remaining months in the applicable fiscal year the month the operation would like to begin receiving payments from CCC. Otherwise, transition payments will be made for the months preceding the month the dairy operation enters into a Milk Income Loss Contract with CCC.

## 36 Completing CCC-580 (Continued)

**C Example of CCC-580 Appendix (Continued)**

This is an example of CCC-580 Appendix, page 4.

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**6 DAIRY OPERATION PAYMENT QUANTITY**

- A** The applicant's payment quantity of milk will be determined by CCC, based on the quantity of milk that was produced and commercially marketed by each dairy operation per fiscal year.
- B** The maximum quantity of eligible production for which dairy operations are eligible for payment per fiscal year under the Milk Income Loss Contract Program Regulations shall be 2,400,000 pounds or 24,000 hundredweight per separate and distinct operation. The Deputy Administrator shall determine what may be considered a separate and distinct operation and that decision shall be final.

**7 PAYMENT RATE AND DAIRY OPERATION PAYMENT**

- A** Payments under the Milk Income Loss Contract may be made to dairy operations when the Boston Class I milk price under the applicable Federal milk marketing order is below \$16.94 per hundredweight. No payments will be made to dairy operations during the months that the Boston Class I milk price under the applicable milk marketing order equals or exceeds \$16.94.
- B** A per hundredweight (cwt) payment rate will be determined for the applicable month by:
  - (1) Subtracting from \$16.94 the Class I milk price per hundredweight in Boston
  - (2) Multiplying the difference by 45 percent.
- C** Each eligible dairy operation payment will be calculated, as determined by the Secretary, by:
  - (1) Converting whole pounds of milk to hundredweight (cwt); and
  - (2) Multiplying the payment rate determined in paragraph (B) of this section by the quantity of eligible production marketed by the operation during the applicable month as determined.
- D** Payments under the Milk Income Loss Contract Program Regulations may be made to a dairy operation only up to the first 2,400,000 pounds of eligible production per applicable fiscal year.
- E** Participants will receive payments on a monthly basis according to the Milk Income Loss Contract, not later than 60 days after the production evidence for the applicable month is received by the FSA county Office.

**8 PROOF OF PRODUCTION**

- A** Dairy operations entering into a Milk Income Loss Contract with CCC must, in accordance with instructions issued by the Deputy Administrator, provide adequate proof of the dairy operation's eligible production during the applicable months of each fiscal year designated in the contract. The dairy operation must also provide proof that the eligible production was commercially marketed during applicable months beginning December 1, 2001, and ending September 30, 2005. The documentary evidence of milk production claimed for payment shall be reported to CCC together with any supporting documentation to verify claim.
- B** CCC will issue a payment to the dairy operation no later than 60 days after the last day of the month that the production evidence is provided to the county FSA office.
- C** Dairy operations must provide their final production evidence by November 1, 2005.

**9 MILC AGENT PROVISIONS**

- A** Milk Income Loss Contract payments may be disbursed by a cooperative marketing association that serves the Amish community or other special groups. Producers in such groups in a dairy operation may authorize an agent of a cooperative marketing association or milk handler affiliated with a cooperative marketing association to obtain and disburse MILC payments to the operation.

## 36 Completing CCC-580 (Continued)

**C Example of CCC-580 Appendix (Continued)**

This is an example of CCC-580 Appendix, page 5.

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**B** The authorized Milk Income Loss Contract agent must on behalf of the dairy operation do the following:

- (1) Obtain a power of attorney for the producers of the dairy operation that authorizes the agent to enter into a Milk Income Loss Contract;
- (2) File form prescribed by CCC, for approval by CCC, to act as a MILC agent;
- (3) Provide the dairy operation's monthly production evidence to the applicable county FSA office;
- (4) Disburse payment to the dairy operation in the producers monthly milk check.

**10 EFFECTIVE DATE AND CHANGES TO CONTRACT**

- A** The Milk Income Loss Contract is effective when, as determined by CCC, it has been signed by the participants, and an authorized representative of CCC. Except as otherwise determined by CCC, as permitted by regulations or other law, the Milk Income Loss Contract may not be revoked or revised unless by mutual agreement between parties. If, after the effective date of this contract, CCC determines that certified production was erroneously provided or any provision prescribed in the regulations at 7 CFR Part 1430 was violated, CCC may terminate the contract according to such regulations.
- B** Except as provided in Section 5 and 6, contracts entered into by producers in a dairy operation shall cover eligible production marketed by the producers in a dairy operation during the period beginning with the first day of the month the producers in the dairy operation enter into contract and ending on September 30, 2005.
- C** In the event that a statute is enacted during the period of this Milk Income Loss Contract which would materially change the terms and conditions of this contract, the CCC may require the participants to elect between acceptance of modifications in the contract consistent with the provisions of such statute or termination of this contract.

**11 CONTRACT MODIFICATIONS**

- A** Producers in dairy operations are required to notify their local FSA Office immediately of any changes that potentially affect the terms, conditions, or participants under the Milk Income Loss Contract. Changes include, but are not limited to changes to the starting month to receive payment for the next fiscal year, death of producer on the contract, new member joining the operation, member exiting the operation, transfer of shares by sale or other transfer action, or reconstitutions.
- B** CCC may modify a Milk Income Loss Contract if it is determined that such modifications are desirable to carry out purposes of the program or to facilitate the program's practical administration.

**12 NOTIFICATION OF CHANGES TO TERMS AND CONDITIONS OF THE CONTRACT**

CCC agrees that, if any changes of any terms and conditions of this contract become necessary prior to the date that this contract is approved on behalf of CCC, CCC will notify the producers signing the Milk Income Loss Contract of such change and such producer will be given 10 days from the date of notification in which to agree to the revised terms and conditions or to withdraw from the offer. The participant agrees to notify the CCC of an intention to withdraw from the offer within 10 days from the date of the issuance of such notice and further agrees that failure to notify the CCC will constitute agreement to the revised terms and conditions.

**13 TERMINATION OF CONTRACT**

If a participant fails to carry out the terms and conditions of this contract but CCC determines that such failure does not warrant termination of this contract, CCC may require such participant to refund, with interest, payments received under this contract, or require the participant to accept such adjustments in the subsequent payment as are determined to be appropriate by CCC.

## 36 Completing CCC-580 (Continued)

**C Example of CCC-580 Appendix (Continued)**

This is an example of CCC-580 Appendix, page 6.

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**14 CORRECTIONS**

CCC reserves the right to correct all errors in entering data or the results of computations in the contract.

**15 LIQUIDATED DAMAGES**

It is mutually agreed that in the event the Milk Income Loss Contract is breached by the participant, the CCC will suffer substantial damages which may not be possible to quantify with certainty. Therefore, in addition to the refund of payments received plus interest due, for breach of contract prescribed in this contract, the participant agrees to pay an amount equal to the product obtained by multiplying: (1) 25 percent of the payment rate per pound on CCC-580 by, (2) the number of pounds that are the subject of the Milk Income Loss Contract. Such amount shall be due as liquidated damages in addition to such other damages or amounts as may be due, and not as a penalty.

**16 ERRONEOUS REPRESENTATION AND SCHEME AND DEVICE**

- A** A participant who is determined to have erroneously represented any fact affecting a determination with respect to this Milk Income Loss Contract and regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract will not be entitled to payments or any other benefits made in accordance with this MILC and the participant must refund to CCC all payments received by such participant, plus interest and liquidated damages thereon, with respect to the MILC. Such liquidated damages will be determined in accordance with Section 15 of this Appendix.
- B** Unless CCC regulations provide otherwise, refunds determined to be due and owing to CCC in accordance with this Milk Income Loss Contract will bear interest at the rate which CCC was required to pay for its borrowing from the United States Treasury on the date of disbursement by CCC of the monies to be refunded. Interest will accrue from the date of such disbursement by CCC.
- C** The remedies provided under Section 16 of this Appendix shall be applicable in addition to any remedies under criminal and civil fraud statutes, including 18 U.S.C. 268, 287, 371, 641, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, or any other remedy available under law.

**17 REGULATIONS TO PREVAIL**

The regulations in 7 CFR Part 1430 for the Milk Income Loss Contract Program are incorporated herein. In the event of a conflict between these regulations and the terms of this Appendix, the provisions of the regulations will prevail.

**18 RECONSTITUTIONS**

- A** A dairy operation entering into a Milk Income Loss Contract shall not after December 1, 2001, reorganize the dairy operation for the sole purpose of receiving more than one payment.
- B** Dairy operations that reorganize or restructure the operation for legitimate purposes after December 1, 2001, are subject to review by the applicable FSA County Committee.
- C** If it is determined by the FSA County Committee that a dairy operation has reorganized for the sole purpose of receiving additional payments under the Milk Income Loss Contract Program, the operation will be considered in violation of their Milk Income Loss Contract and subject to termination according to Section 13.
- D** If during the contract period a reconstitution occurs, the modification to the Milk Income Loss Contract will not take effect until the first day of the fiscal year following the month the county FSA office received notification of the changes.

## 36 Completing CCC-580 (Continued)

## C Example of CCC-580 Appendix (Continued)

This is an example of CCC-580 Appendix, page 7.

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19 AGREEMENT

A The participant agrees:

- (1) That the applicable CCC-580 and any addendum thereto shall be considered an offer to enter into the Milk Income Loss Contract Program on the terms specified on Form CCC-580 and any addendum thereto. The offer, until revoked, may be accepted by CCC provided further, that, liquidated damages may apply in the case of a revocation as specified elsewhere in this Appendix;
- (2) To provide monthly milk production commercially marketed by all producers in the dairy operation during the contract application period, to determine the total pounds of milk that will be converted to hundredweight (cwt) used for payment;
- (3) To submit adequate evidence of production of the dairy operations eligible marketings during the months of each fiscal year designated in the contract;
- (4) To have all producers involved in the dairy operation, marketing milk during the period specified in the Milk Income Loss Contract to sign the contract and indicate shares in the operation;
- (5) To designate the start month the dairy operation wants CCC to begin issuing payments to the operation;
- (6) To comply with highly erodible land and wetland conservation provisions and complete Form AD-1026 accordingly;
- (7) Not to undertake any action which tends to defeat the purposes of this contract, as determined by CCC;
- (8) Not to reconstitute the dairy operation for the sole purpose of receiving additional Milk Income Loss Contract payments;
- (9) Notify CCC immediately of any changes that affect the organizational structure of the dairy operation.
- (10) Any payment or portion thereof due any participant will be made by CCC without regard to any question of title under State law, and without regard to any claim or lien which may be asserted by a creditor, except agencies of the U.S. Government. Offsets for debts owed to agencies of the U.S. Government shall be made prior to making any payments to participants or their assigns.
- (11) To comply with all terms and conditions contained in this Appendix and the prescribed regulations at 7 CFR Part 1430.

- B CCC agrees, subject to the availability of funds, to pay to the participant, to the extent required by the applicable CCC regulations, the agreed upon monthly payment, based upon the shares to which the parties have agreed as set forth on Form CCC-580 for a period of years not in excess of the contract period.

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) and 7 CFR Part 1430. The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

**37 CCC-580 Addendum 1****A Purpose of CCC-580 Addendum 1**

Since signup began on August 13, 2002, and the regulations were filed with the Office of the Federal Register on October 18, 2002, changes were made to the MILC program. The changes do not materially affect the MILC program, however, some of the terms and conditions of CCC-580 Appendix differ from that of the regulations at 7 CFR Part 1430. The purpose of the CCC-580 Addendum 1 is to make producers aware of the changes to the terms and conditions of the CCC-580 Appendix by a CCC-580 Addendum 1. The CCC-580 Addendum 1 must be signed by the producers in the dairy operation and returned to the appropriate County Office to verify receipt of the notification of the CCC-580 Appendix changes.

**Note:** At the time most dairy operations signed up for MILC benefits, the producer agreed according to CCC-580 Appendix, paragraph 17, that in the event of conflict between the regulations and the terms of the Appendix, the provisions of the regulations would prevail.

**B Dairy Operations With Approved CCC-580's**

All dairy operations with an approved CCC-580 must have a completed CCC-580 Addendum 1 on file in the appropriate County Office. Dairy operations shall complete a CCC-580 Addendum 1 at the time of signup for MILC benefits.

If a dairy operation does not have a completed CCC-580 Addendum 1 on file in the appropriate County Office, the County Office shall:

- cease issuing payments to the dairy operation
- notify the dairy operation of the requirement to submit a completed CCC-580 Addendum 1 to the appropriate County Office
- not resume issuing payments to the dairy operation until a completed CCC-580 Addendum 1 has been obtained from the dairy operation.

## 37 CCC-580 Addendum 1 (Continued)

**C Completing CCC-580 Addendum 1**

Dairy producers in an eligible dairy operation shall complete CCC-580 Addendum 1 to certify that they understand and agree to the modified terms and conditions of CCC-580 Appendix. If a producer requests CCC-580 Addendum 1, County Offices shall:

- complete items 1 through 4, and 9
- not complete item 8 until the completed form has been submitted to the County Office
- provide to the dairy operation the following instructions for completing items 5 through 7 of CCC-580 Addendum 1, according to the following table.

<b>Item</b>	<b>Instructions</b>
1	Enter applicable State code
2	Enter applicable County code.
3	Enter contract number assigned to the applicable dairy operation.
4	Enter name and mailing address of the dairy operation.
5	Thoroughly read the modified terms and conditions affecting CCC-580 Appendix.
6A-6H	<p>After reading the modified terms and conditions affecting CCC-580 Appendix, the reader shall enter their initials and date of initials if the reader understands and agrees to the modified terms and conditions.</p> <p><b>Note:</b> All producers assigned to the contract number indicated in item 3 must initial and date CCC-580 Addendum 1.</p>
7A-7H	<p>After reading the modified terms and conditions affecting CCC-580 Appendix in item 6, the reader shall enter their signature and date of signature if the reader understands and agrees to the modified terms and conditions.</p> <p><b>Note:</b> All producers assigned to the contract number indicated in item 3 must initial and date CCC-580 Addendum 1.</p>
8A-8B	Enter the County Office representative's signature and date of signature.
9A-9B	Enter the County Office name, address, and telephone number.

## 37 CCC-580 Addendum 1 (Continued)

**D Example of CCC-580 Addendum 1**

This is an example of CCC-580 Addendum 1, page 1.

This form is available electronically. <b>CCC-580 Addendum 1</b> (12-06-02)		<b>USDA-CCC</b>		1. STATE CODE	2. COUNTY CODE	3. CONTRACT NUMBER								
<b>ADDENDUM FOR MODIFICATIONS TO THE CCC-580 APPENDIX, MILK INCOME LOSS CONTRACT (MILC)</b>				4. DAIRY OPERATION'S NAME AND ADDRESS (Including Zip Code)										
See Page 2 for Privacy Act Statement.				TELEPHONE NUMBER (Area Code):										
<b>NOTE:</b> The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.														
<p>5. This contract modification is entered into by the Commodity Credit Corporation (CCC) and the undersigned participant(s) of the Milk Income Loss Contract (MILC) in Item 3 above. Modifications to the MILC CCC-580 Appendix are being made in accordance with the following paragraphs contained in the CCC-580 Appendix: (1) Paragraph 17, which states: "The regulations in 7 CFR Part 1430 for the Milk Income Loss Contract Program are incorporated herein. In the event of a conflict between these regulations and the terms of this Appendix, the provisions of the regulations will prevail," and (2) Paragraph 19A (11), which states that the participant agrees: "To comply with all terms and conditions contained in this Appendix and the prescribed regulations at 7 CFR Part 1430."</p> <p>By signing this Addendum, the participant(s) confirms that they have been notified of modifications to the following Paragraphs of the CCC-580 Appendix in accordance with the regulations at 7 CFR Part 1430, as referenced below:</p> <p><b>1S United States</b> means the 50 States of the United States of America, the District of Columbia, and the Commonwealth of Puerto Rico, and any other territory or possession of the United States. (7 CFR 1430.202).</p> <p><b>1X Participating State</b> means each of the 50 States in the United States of America, including the District of Columbia, and the Commonwealth of Puerto Rico, or any other territory or possession of the United States. (7 CFR 1430.202).</p> <p><b>2A</b> By signing the MILC, the participant certifies that such participant produced milk commercially in the United States and marketed such production anytime during the period of December 1, 2001, through September 30, 2005. The participant agrees to provide monthly milk production and evidence of such production commercially marketed by all persons in the dairy operation during the Contract Application period indicated in Item 5 of the MILC, to determine the total pounds of milk that will be converted to hundredweight (cwt), and subsequently used for payment. Such production evidence must be provided before CCC will issue a payment to the dairy operation. (7 CFR 1430.203).</p> <p><b>4A</b> With the exception of the transition period, beginning with the 2003 fiscal year, a dairy operation that enters into a MILC with CCC, and does not want its payments to begin with the first month of the fiscal year, must designate in the contract the month that CCC shall begin making payments to the dairy operation.</p> <p style="padding-left: 40px;">The starting month selected by the dairy operation must be made on or before the 15th of the month before the month for which payment is sought. (7 CFR 1430.205(a)).</p> <p><b>4C</b> Dairy operations cannot change the selected starting month unless the change is made with CCC on or before the 15th of the month before the month selected. Otherwise, the starting month selected by the dairy operation cannot be changed in the MILC until the next fiscal year. If the starting month selected by the dairy operation is never modified from the initial selection, the selected month will remain the same for each fiscal year throughout the duration of the contract. (7 CFR 1430.205(b)).</p> <p><b>4E</b> Dairy operations that do not designate the month to begin receiving payments from CCC, will be issued payments consecutively starting with the first month of the fiscal year, unless FSA is otherwise notified that the selection by the dairy operation will be made at a later date, and is noted as such on the MILC. Such payments will be issued on a consecutive monthly basis until the earlier of the following: (1) Maximum payment quantity is reached; (2) End of the applicable fiscal year. (7 CFR 1430.205(d)).</p> <p><b>5C</b> During the 2002 fiscal year only, the dairy operation may elect to forgo their transition payment and choose to begin receiving payments in September, 2002, in accordance with Section 4(B). Otherwise, transition payments will be made for the months preceding the month the dairy operation enters into a MILC with CCC according to this Section. (7 CFR 1430.206(c)).</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding: 5px;">6A. PARTICIPANT'S INITIALS</td> <td style="padding: 5px;">6B. DATE (MM-DD-YYYY)</td> <td style="padding: 5px;">6C. PARTICIPANT'S INITIALS</td> <td style="padding: 5px;">6D. DATE (MM-DD-YYYY)</td> </tr> <tr> <td style="padding: 5px;">6E. PARTICIPANT'S INITIALS</td> <td style="padding: 5px;">6F. DATE (MM-DD-YYYY)</td> <td style="padding: 5px;">6G. PARTICIPANT'S INITIALS</td> <td style="padding: 5px;">6H. DATE (MM-DD-YYYY)</td> </tr> </table> <p style="font-size: small; margin-top: 10px;">         The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.       </p> <div style="text-align: center; margin-top: 10px;"> <input type="checkbox"/> Original - County Office Copy         <span style="margin-left: 200px;"><input type="checkbox"/> Dairy Operation's Copy</span> </div>							6A. PARTICIPANT'S INITIALS	6B. DATE (MM-DD-YYYY)	6C. PARTICIPANT'S INITIALS	6D. DATE (MM-DD-YYYY)	6E. PARTICIPANT'S INITIALS	6F. DATE (MM-DD-YYYY)	6G. PARTICIPANT'S INITIALS	6H. DATE (MM-DD-YYYY)
6A. PARTICIPANT'S INITIALS	6B. DATE (MM-DD-YYYY)	6C. PARTICIPANT'S INITIALS	6D. DATE (MM-DD-YYYY)											
6E. PARTICIPANT'S INITIALS	6F. DATE (MM-DD-YYYY)	6G. PARTICIPANT'S INITIALS	6H. DATE (MM-DD-YYYY)											



## 37 CCC-580 Addendum 1 (Continued)

**D Example of CCC-580 Addendum 1 (Continued)**

This is an example of CCC-580 Addendum 1, page 2.

CCC-580 Addendum 1 (12-06-02) Page 2

By signing this MILC Addendum, the participant(s) further agrees:

- a. To comply with all other terms and conditions of the cited contract as contained in the corresponding MILC (CCC-580), MILC Appendix (CCC-580 Appendix), and any addendum thereto.
- b. That this contract modification became effective and irrevocable upon the date of filing of the regulations at 7 CFR Part 1430 at the Office of the Federal Register.

It is so agreed and understood.

7A. PARTICIPANT'S SIGNATURE	7B. DATE (MM-DD-YYYY)
7C. PARTICIPANT'S SIGNATURE	7D. DATE (MM-DD-YYYY)
7E. PARTICIPANT'S SIGNATURE	7F. DATE (MM-DD-YYYY)
7G. PARTICIPANT'S SIGNATURE	7H. DATE (MM-DD-YYYY)
8A. COUNTY OFFICE REPRESENTATIVE'S SIGNATURE	8B. DATE (MM-DD-YYYY)
9A. COUNTY FSA OFFICE NAME AND ADDRESS (Including Zip Code)	9B. COUNTY FSA OFFICE TELEPHONE NUMBER (Including Area Code)

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the above information is the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171). The information requested is necessary for CCC to confirm producer notification of Milk Income Loss Contract modifications made in accordance with prevailing regulations provided at 7 CFR Part 1430. Furnishing the requested information is voluntary. Failure to furnish a signed addendum will result in a determination of ineligibility for further MILC program benefits and other financial assistance administered by USDA. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. **RETURN THIS SIGNED FORM TO YOUR COUNTY FSA SERVICE CENTER.**

**38 Supporting Documentation****A Production Evidence**

Dairy operations entering into CCC-580 with CCC must provide verifiable production evidence of the operation's eligible marketings during the months of each FY designated in the contract during the specified contract period.

The production evidence must be provided to the County Office with any supporting documentation available to assist in verifying the operation's eligible production and commercial milk marketings beginning with the starting month designated in the contract and the subsequent months of production thereafter.

**Note:** County Offices have 60 calendar days from the receipt of the required production evidence to issue payment to the dairy operation. Any dairy operation that cannot provide the required documentation will be ineligible for MILC benefits.

**B Verifiable Production Records**

Verifiable production evidence must be provided to the County Office before any payment will be issued to a dairy operation. Verifiable production records are evidence that is used to substantiate the amount of production reported that can be verified by CCC through an independent source.

**C Acceptable Documentation**

Verifiable production evidence includes, but is not limited to, the following:

- milk marketing payment stubs
- tank records
- milk handler records
- daily milk marketings
- copies of any payments received as compensation from other sources.

**Note:** See subparagraph 13 E for when production evidence is **not** required.

**38 Supporting Documentation (Continued)****D Reviewing Documentation**

When the supporting documentation is received in the County Office:

- make a copy, date stamp the copy, and return the originals to the contact producer
- review to verify that during the applicable months specified in CCC-580:
  - there was milk marketed commercially
  - all persons involved in the dairy operation have provided milk marketing documentation
- ensure that the eligible pounds of milk marketings during the applicable months correspond to the months of production indicated in CCC-580.

Attach all supporting documentation to CCC-580.

**E Production Discrepancies**

All production discrepancies must be resolved to the satisfaction of COC before MILC payments will be issued to the dairy operation. COC must review and determine any of the following:

- good faith
- misrepresentation, scheme, or device.

If COC:

- determines good faith, **no further action is necessary**
- cannot determine good faith and determines that misrepresentation, scheme, or device occurred, the dairy operation is not eligible for MILC benefits and the entire MILC payment must be refunded.

COC's shall use their judgement when determining good faith to ensure that the dairy operation did not intentionally certify incorrectly.

**38 Supporting Documentation (Continued)****F Refunding Payments**

For dairy operations that must refund payments because the dairy operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are not paid by the due date, establish a claim according to 58-FI in the normal manner.

**G Production Evidence Submitted by Co-ops**

County Offices may accept monthly production evidence from dairy cooperatives or handlers provided the producers of the eligible dairy operation submit to their local County Office a written statement authorizing the County Office to receive the production evidence directly from the dairy marketing cooperative or handler.

Production evidence received from the dairy cooperative or handler is subject to further verification, if necessary, and may be provided to the County Office by the following:

- FAX transmission
- electronic mail
- mail delivery.

County Offices shall attach the authorized statements received from producers to their applicable CCC-580 with the date stamped production evidence received in the County Office thereafter. The authorization will remain in effect until either of the following:

- end of the contract period
- authorization is terminated in writing by the producer.

**38 Supporting Documentation (Continued)****H Example of Authorization Statement**

The following is an example of a statement authorizing the County Office to receive production evidence directly from a dairy cooperative or milk handler:

I, (Enter contact producer's name) of (Enter the name of the dairy operation), located in (Enter name of county where dairy operation is located) County, in the State of (Enter name of State where dairy operation is located), authorize (Enter the name of dairy cooperative or handler) to release evidence of my monthly milk marketings directly to my County Office, for purposes of the MILC program.

**Note:** All producers involved in the dairy operation must sign the authorization and enter the contract number on the authorization.

## 39 Conversion Factors

### A Dairy Product Conversion Factors

Producers must report the dairy operations eligible production during each applicable month in pounds. Use the weight measurement indicated on the production evidence as the same unit of measure (pound, gallon, etc.) in the conversion. Pounds will be converted to fluid milk pounds according to subparagraph B and gallons will be converted to gallons in the same manner. Convert dairy products according to the following table:

<b>Dairy Product (1 Unit of Measure)</b>	<b>Conversion Factor (Unit of Measure of Dairy Product times Pounds)</b>
Cheese	10.0
Butter	8.4
Non-fat Dry Milk (NDM)	7.3
Light Cream	2.5
Half and Half	1.8
Ice Cream	1.9
Yogurt	0.9
Heavy Cream (whipping cream)	4.2

### B Conversion From Pounds to Fluid Milk Pounds

To convert pounds of a dairy product to the equivalent fluid milk pounds, multiply the pounds of the dairy product reported times the conversion factor for the applicable dairy product provided in subparagraph A.

**Example:** A dairy operation provides the County Office with production evidence of 300 pounds of commercially marketed cheese during any given month. Multiply 300 times 10 to get a total of 3,000 pounds of eligible production for that applicable month.

### C Conversion From Gallons to Gallons

To convert gallons of a dairy product to the equivalent fluid milk gallons, multiply the gallons of the dairy product reported times the conversion factor for the applicable dairy product provided in subparagraph A.

**Example:** A dairy operation provides the County Office with production evidence of 100 gallons of commercially marketed half and half during any given month. Multiply 100 times 1.8 to get a total of 180 gallons of milk.

Conversions from gallons to gallons must be further converted to pounds of eligible production according to subparagraph D.

**39 Conversion Factors (Continued)**

**D Conversion From Gallons to Eligible Pounds of Production**

Production evidence received from producers that indicate gallons must be converted to pounds. A conversion rate of 8.6 pounds is equivalent to 1 gallon of milk.

After applying the conversion factor for gallons according to subparagraph C, multiply the converted gallons times 8.6 to get the total pounds of eligible production.

Using the example in subparagraph C, after the 100 gallons of half and half are converted to 180 gallons of milk, multiply the 180 gallons times 8.6 to get a total of 1,548 pounds of eligible production.

**40 CCC-580 Modifications****A Allowable Changes to CCC-580**

Producers of a dairy operation who have an approved CCC-580 on file with the County Office may make the following types of changes to CCC-580:

- a new producer or shareholder is added to CCC-580
- a producer or shareholder no longer participates or shares in the risk of production on an existing CCC-580, and must be removed
- there is a change in the percentage of shares of any producer on an existing CCC-580
- a spouse or child of a deceased producer replaces the deceased producer on the CCC-580.

**B How to Modify a CCC-580**

Producers of a dairy operation must make changes or modifications to an existing CCC-580 by completing and filing a CCC-580M with their County Office.

Producers must file a separate CCC-580M for each CCC-580 being modified. Refer to paragraph 41 for instructions on completing CCC-580M.

**C Signature Requirement**

Each producer/shareholder who signed the approved CCC-580 must sign CCC-580M, Part B, indicating their current shares in the dairy operation under the approved CCC-580.

Remaining and new producers or shareholders must sign CCC-580M, Part C, certifying the modified structure of the dairy operation and indicating the required change.

**D When to File CCC-580M**

CCC-580M must be filed with the local County Office immediately after the change of an existing CCC-580 occurs and after all required signatures have been obtained according to subparagraph C.



**40 CCC-580 Modifications**

**E Approving CCC-580M**

COC, or designee, shall not approve CCC-580M unless all members of the initial CCC-580 have completed and signed CCC-580M. The dairy operation will receive MILC payments based on the modified changes of CCC-580M immediately beginning with the dairy operation's next MILC payment issued after approval of CCC-580M.

**F Requesting CCC-580M**

Eligible dairy operations may obtain CCC-580M to modify an existing CCC-580 in the same manner provided in subparagraph 35 D.

## 41 CCC-580M

**A Instructions for Completing CCC-580M**

County Offices shall provide a copy of CCC-580 and instructions upon request. CCC-580M must be completed according to the following table.

<b>Item</b>	<b>Instructions</b>
1A	Enter name of the dairy operation. If modifying more than 1 CCC-580, a separate CCC-580M must be completed for each CCC-580.
1B	Enter the farm number assigned to the dairy operation for which CCC-580 is being filed, if applicable.
2	Enter State code.
3	Enter County code.
4	Enter contract number.
5	Enter contract period that includes the beginning and ending dates.
6A	Enter name and address, including Zip Code, of the contact person for the operation identified in item 1A. The person entered in this item should be someone who has general knowledge of the production, operation, and marketings for the operation identified in item 1A.
6B	Enter telephone number for the person identified in item 6A.
7A	Enter name and address of the County Office, including ZIP Code.
7B	Enter telephone number for the County Office, including area code.
8	Print name of each producer or shareholder of the operation identified in item 1A, as they are listed on the currently approved CCC-580 or as they were listed on the last approved CCC-580M.
9	Each producer identified in item 8 must enter their signature beside their printed name.
10	Enter the percentage share of each producer or shareholder in the operation as they are listed on the currently approved CCC-580 or as they were listed on the last approved CCC-580M. Enter the percentage beside the corresponding name.
11	Each new producer being added or removed from CCC-580, for each producer who is requesting a change in their percentage shares in the operation identified in item 1A, must provide their signature.
12	Enter corresponding producer ID number for each producer.
13	Enter date CCC-580M is signed by the producer identified in item 11.
14	Enter modified percentage share for the producer, as applicable.
15	Place "X" in the appropriate box that indicates what action is being requested to modify this CCC-580. Mark all that apply.
16	Check appropriate box to indicate approval or disapproval of the change or modification.
17A	Enter signature of COC designee approving CCC-580M. CCC-580 shall not be approved until all required signatures and information is entered on CCC-580M.
17B	Enter title of the approval official.
17C	Enter date of approval, which is the date the official signs CCC-580, item 17A.
18	Enter any information that may be pertinent to this CCC-580 modification and was not entered or could not be entered in any of the previous fields.





## Part 7 Dairy Operation Provisions

### 50 Dairy Operation Relocations

#### A Notifying the County Office of Intention to Relocate

Dairy operations must immediately notify their local County Office of their intention to relocate to another county and/or State. The notification must:

- be in writing
- provide approximate date the relocation will take place
- identify the county and State of the relocation.

#### B Transferring Dairy Operations Records

After notification is received from the relocating dairy operation, County Offices shall:

- photocopy all pertinent records about program eligibility and production evidence, including CCC-580
- maintain photocopies in office files
- transfer originals to new county and/or State of the relocating dairy operation.

#### C Processing Relocated Dairy Operations in APSS

Dairy operations that have relocated since their CCC-580 was processed in the first phase of the interim software must be entered into the current phase of the software. To process relocated dairy operations in APSS:

- the **original** County Office shall cancel the producer's contract by canceling all payments associated with the contract **starting** with the most recent payment

**Note:** Canceling monthly payments will setup a receivable for the amount already disbursed to the producer or producers on the contract.

- the **new** County Office shall:
  - re-enter the contract to reflect the new County and/or State
  - disburse monthly payments according to established procedure to:
    - CCC, to offset the receivable
    - producer, for any additional payment due.

If unsure how to proceed, contact the Price Support Specialist in the State Office.

**51 Miscellaneous Dairy Operation Changes****A Taxpayer Identification Number Change**

Various circumstances may cause a dairy operation to change the organization of the operation. Producers and shareholders in the operation may remain the same, however, the taxpayer identification number for the operation may change.

Dairy operations shall record any taxpayer identification number changes on CCC-580M, by completing Part A and Part B according to paragraphs 40 and 41, in addition to entering the following in Part C:

- the old taxpayer identification number with 0 percent shares indicated
- the new taxpayer identification number(s) with the appropriate shares indicated
- signature and date of signature accordingly.

**B Processing Taxpayer Identification Number Changes in APSS**

To process a taxpayer identification number change in APSS, County Offices shall:

- "flag" the contract/production for multiple producers on Screen PMD01000 according to procedure
- enter the old taxpayer identification number with 0 percent share in APSS
- enter the new taxpayer identification number(s) with the appropriate shares.

## 52 Dairy Operation Interpretation

### A DMLA-III Dairy Operation Definition

Under the DMLA-III program, a dairy operation was defined as any person or group of persons who, as a single unit as determined by CCC, produce and market milk commercially produced from cows, and whose production and facilities are located in the United States.

**Note:** This definition is the same definition used in the MILC program.

Each State and County Office shall strictly adhere to and apply this definition to the MILC program in the exact same manner applied for the DMLA-III program in your State with no variation.

### B Operation Business Rules

County Offices must apply the same standards that were applied in implementing DMLA-III, as instructed by the Farm Security and Rural Investment Act of 2002. Therefore, County Offices shall:

- identify dairy operations that received a payment under DMLA-III to determine how the operation will exist in the MILC program
- based on the State where the dairy operation is located, apply that State's interpretation of a dairy operation used in previous DMLA programs to determine how the operation will exist in the MILC program
- determine eligible new operations according to subparagraph C, applying your State interpretation of a dairy operation used in DMLA-III to determine how the operation will exist in the MILC program
- apply business rules according to this subparagraph, for producers affiliated with dairy operations that:
  - received a payment under DMLA-III
  - have an approved CCC-580 in effect with CCC
  - reconstitute the dairy operation after December 1, 2001.

**52 Dairy Operation Interpretation (Continued)****C New Operations**

County Offices shall determine an eligible new dairy operation as any dairy operation purchased by a producer not affiliated with any dairy operation:

- that received a DMLA-III payment
- with an approved CCC-580 with CCC.

Eligible new dairy operations may enter into a CCC-580 with CCC anytime during the duration of the MILC program application period.

**D Additional Dairy Operations**

Beginning with FY 2003, any additional dairy operation purchased by a producer affiliated with a dairy operation that has an approved CCC-580:

- is subject to review by FSA to determine legitimacy
- will exist in the MILC program according to State interpretation of a dairy operation used during the previous DMLA programs in the State where the dairy operation is located.

If the additional dairy is determined after FSA review to be a legitimate acquisition, the additional dairy purchased may be considered an eligible new dairy operation.

**E New Dairy Operations Entering a MILC**

New dairy operations:

- that signup for the MILC program must be in the business of producing milk for at least 1 month before signing up for program benefits
- may not signup for the MILC program before they have production evidence of the previous months milk production.

**Note:** To process CCC-580 in the current software for dairy operations that submitted a contract application before the operation began producing milk, the County Office must enter as the contract start date, a date 1 month after the month actual milk production began.



**53 Dairy Operation Reconstitutions****A Reconstituted Dairy Operations**

A dairy operation that reorganizes or restructures the constitution or makeup of their operation into another organizational framework must:

- not reorganize for the sole purpose of receiving multiple payments
- notify the County Office immediately of the reconstitution.

Changes to a dairy operation that result in the reconstitution of the dairy operation are subject to review by FSA to determine legitimacy if reorganized after:

- receiving a DMLA-III payment
- December 1, 2001.

Producers will remain on their original CCC-580 until the new CCC-580 becomes effective the next FY, when the following occurs:

- producer exits an existing operation to form a new operation as a result of a reconstitution of a dairy operation
- producer forms a new operation with another producer with an approved CCC-580.

**Note:** MILC payments will continue to be issued to all producers on the original CCC-580 subject to the 2.4 million pound cap for the operation for that FY. Shares may be adjusted as appropriate. The new operation will begin to receive MILC payments on October 1 of the following FY.

**B Reconstitution Effective Date**

Producers on eligible dairy operations participating in the MILC program must notify FSA immediately of any changes that may affect their CCC-580. If during the contract period a reconstitution occurs, the modification to the CCC-580 will not take effect until the first day of the fiscal year following the month the County Office received notification of the changes.

Changes resulting in the reduction of shareholders or producers and their corresponding share amounts in the dairy operation will take effect immediately upon notification to CCC.

**54 -59 (Reserved)**



**Part 8 MILC Agent Provisions****60 General Eligibility****A MILC Agent Eligibility**

Qualified persons representing a dairy marketing cooperative or milk handling organization must:

- obtain a power of attorney from each producer for which the MILC agent will act
- complete a written application/agreement on CCC-582 and submit to the appropriate County Office
- execute CCC-36, according to 63-FI, to assign the dairy producer's MILC program payments to the MILC agent
- be approved by CCC.

MILC agents approved by CCC will be required to disburse payments obtained from CCC to the dairy operations through the producer's monthly milk check issued by either of the following:

- dairy cooperative
- milk handling organization.

Alternative methods of disbursing payments to producers in a dairy operation must be requested in writing and approved by CCC if the MILC agent is unable to disburse the producers payment through their monthly milk check.

**B Power of Attorney**

MILC agents must obtain a power of attorney for each producer of the dairy operation authorizing the agent to act on its behalf and enter into a CCC-580 with CCC. MILC agents must be granted power of attorney on FSA-211 completed by the producers of the dairy operation and submitted to the County Office where the dairy operation is located. County Offices shall follow policy for powers of attorney according to 1-CM.

**C CCC-582**

To become an approved MILC agent, qualified persons using CCC-582 must:

- make application
- agree to prescribed terms and conditions
- submit for approval by CCC.

## 61 Filing CCC-582

**A Completing CCC-582**

To become a MILC agent, qualified persons must complete CCC-582. If a person requests CCC-582, County Offices shall:

- not complete Part B, item (b), until the completed CCC-582 has been submitted to the County Office
- provide the following instructions to the MILC agent to complete CCC-582 according to this table.

Item	Instructions
1	Enter date of application.
2	Enter name of the person applying to become an authorized MILC agent.
3	Enter business address and telephone number of applicant.
4	Enter name, address, and telephone number of the dairy marketing cooperative or milk handler organization the applicant is representing.  <b>Note:</b> The address and telephone number are not required if they are the same as the business address and telephone number of the applicant as entered in item 3.
5	Enter name of the dairy operation the applicant will be representing.
6	Enter name of the County Office where the dairy operation is located and farm records are maintained.
7	Enter name and taxpayer identification number of each producer involved in the dairy operation the applicant is representing.
8	Enter response to the question, “Has the applicant obtained a Power of Attorney (FSA-211) giving authorization to the applicant to enter into a Milk Income Loss Contract, CCC-580, on behalf of each producer identified in item 7 above?”  <b>Note:</b> The application will not be approved until FSA-211 has been obtained for each producer involved in the dairy operation.
9	Enter response to the question, “Does the applicant agree to disburse the MILC program benefits obtained from CCC to the producers in the dairy operation in their monthly milk check?”
10	Enter applicant’s signature and date.
11	Enter any additional comments or notations.

**61 Filing CCC-582 (Continued)****A Completing CCC-582 (Continued)**

Instructions for CCC-582, Part B, are as follows.

<b>Item</b>	<b>Instructions</b>
(1)	Enter day of the month the applicant is entering into agreement with CCC to become a MILC agent.
(2)	Enter month the applicant is entering into agreement with CCC to become a MILC agent.
(3)	Enter last 2 digits of the year the applicant is entering into agreement with CCC to become a MILC agent.
(4)	Enter applicant's name in legible print.
(a)	Enter applicant's signature.

## 61 Filing CCC-582 (Continued)

## B Example of CCC-582

The following is an example of CCC-582, page 1.

This form is available electronically.	
<b>CCC-582</b> (01-08-03)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation
<b>MILK INCOME LOSS CONTRACT (MILC) AGENT APPLICATION AGREEMENT</b>	
<b>NOTE:</b> The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.	
<i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171), the Commodity Credit Corporation Charter Act, as amended, and the regulations at 7 CFR Part 1430. These regulations provide that qualified persons, who desire to act as MILC agents to obtain and disburse benefits on behalf of producers of special religious groups under the Milk Income Loss Contract program through CCC, shall execute and file a written certification and agreement with CCC. This agreement and certification, Form CCC-582, is the required agreement, and without approval of this agreement by CCC, authority to disburse CCC MILC payments to dairy producers of special groups will not be granted. This information may also be provided to other USDA agencies, IRS, Department of Justice or other State and Federal Law enforcement agencies and in response to orders of a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes including 18 USC 286, 287, 371, 641, 651, 1001, 15 USC 714m; and 31 USC 3729, may be applicable to information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i>	
<b>PART A - APPLICATION</b>	
The undersigned person, hereby makes application to be a MILC agent under the Milk Income Loss Contract Program in order to enter into a Milk Income Loss Contract with the Commodity Credit Corporation to obtain and disburse MILC program benefits to producers of special religious groups involved in a dairy operation affiliated with the MILC Agent's dairy cooperative or milk handling organization.	
1. DATE OF APPLICATION (MM-DD-YYYY)	2. NAME OF AUTHORIZED MILC AGENT
3. MILC AGENT'S BUSINESS ADDRESS (Including Zip Code)	4. NAME AND ADDRESS (Including Zip Code) OF DAIRY COOPERATIVE / HANDLER THE APPLICANT IS REPRESENTING
TELEPHONE NUMBER (Including Area Code):	TELEPHONE NUMBER (Including Area Code):
5. NAME AND ADDRESS (Including Zip Code) OF THE DAIRY OPERATION THE APPLICANT WILL ACT ON BEHALF	6. NAME AND ADDRESS (Including Zip Code) OF THE COUNTY FSA OFFICE WHERE THE DAIRY OPERATION IS LOCATED AND FARM RECORDS ARE MAINTAINED
TELEPHONE NUMBER (Including Area Code):	TELEPHONE NUMBER (Including Area Code):
7. EACH PRODUCER INVOLVED IN THE ABOVE LISTED OPERATION THAT THE APPLICANT WILL REPRESENT ARE AS FOLLOWS:	
A. NAME OF PRODUCER	B. PRODUCER'S TAX IDENTIFICATION NUMBER
(1)	(1)
(2)	(2)
(3)	(3)
(4)	(4)
(5)	(5)
8. Has the applicant obtained a Power of Attorney (FSA-211) giving authorization to the applicant to enter into a Milk Income Loss Contract (CCC-580) on behalf of each producer identified in Item 7 above.	
<input type="checkbox"/> YES <input type="checkbox"/> NO	
9. Does the applicant agree to disburse the MILC program benefits obtained from CCC to the producers in the dairy operation in their monthly milk check?	
<input type="checkbox"/> YES <input type="checkbox"/> NO	
10A. SIGNATURE OF APPLICANT	10B. DATE (MM-DD-YYYY)
11. REMARKS	

## 61 Filing CCC-582 (Continued)

**B Example of CCC-582**

The following is an example of CCC-582, page 2.

CCC-582 (01-08-03)	Page 2 of 3
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**PART B - AGREEMENT**

**THIS AGREEMENT** made and entered into this (1) \_\_\_\_\_ day of (2) \_\_\_\_\_, (3) 20 \_\_\_\_\_, by and between Commodity Credit Corporation (CCC) and (4) \_\_\_\_\_, (Name of MILC Agent)

**WITNESSETH:**

**WHEREAS**, CCC desires that qualified persons act as MILC agents to assist producers of special religious groups in obtaining MILC payments under the MILC payment program of CCC, and the person named above desires to be approved as a MILC agent under such program:

**NOW, THEREFORE**, CCC does hereby approve the person named above, MILC agent under the MILC payment program, and in consideration of the premises and other considerations contained herein, the parties hereto agree to the duties of the MILC agent as follows:

1. MILC agent shall be familiar with the provisions of the Milk Income Loss Contract program contained in applicable directives issued by FSA, regulations at 7 CFR Part 1430 (the regulations), the forms, addendums, and appendixes prescribed by CCC, and other institutions issued by the USDA Agency which approves the MILC agent on behalf of CCC, and perform duties according to such procedures outlined and issued by the Deputy Administrator for Farm Programs.
2. Subject to other provisions of this Agreement, the MILC agent shall obtain an acceptable power of attorney or acceptable equivalent for the producers of the dairy operation of a special religious group that authorizes the agent to enter into a MILC contract.
3. MILC Agent shall provide the dairy operation's monthly production evidence to the appropriate FSA Office indicated in Item 6.
4. MILC Agent shall inform the dairy operation of all MILC program eligibility requirements, the producer's responsibility to meet those eligibility requirements, and provide the producers in the operation with the necessary forms to complete such requirements.
5. MILC Agent shall facilitate communication between CCC and the producers of the dairy operation.
6. MILC agent shall disburse payments to the dairy operation in the producer's monthly milk check or in an otherwise approved manner.
7. The FSA County Committee shall provide necessary supervision for the MILC agent.
8. Each MILC Agent is subject to audit and shall maintain and retain records of the operation of their dairy cooperative or milk handling organization and make such records and facilities available to FSA representatives.
9. CCC may require proof that the appropriate MILC program benefits were disbursed to the producers in the dairy operation in their milk check and any determination by CCC that such funds were not disbursed to the producers in Item 7 of this application and agreement shall result in CCC immediately terminating this Agreement.
10. The MILC Agent will not adopt any scheme or device to circumvent the purpose of the MILC program regulations of this Agreement.
11. This Agreement may be terminated by either party or by the producers involved in the dairy operation indicated in Item 5 of this application and Agreement at any time upon 30 days notice to the County FSA Office indicated in Item 6.
12. The MILC Agent shall hold CCC harmless from any claim made against CCC in connection with any MILC payment or other activity carried out by the MILC Agent which is not in accordance with the terms and conditions of this Agreement as they correspond to the dairy operation indicated in Item 5 of this application and Agreement.
13. CCC may terminate this Agreement without providing 30 days notice if CCC determines that the MILC Agent failed to meet the terms and conditions of this Agreement.

61 Filing CCC-582 (Continued)

B Example of CCC-582

The following is an example of CCC-582, page 3.

CCC-582 (01-08-03)
Page 3 of 3

**IT IS FURTHER AGREED** that this Agreement and approval as a MILC agent does not constitute the MILC agent a Federal employee or an agent of CCC or the United States Government. It is agreed that this Agreement and the approval as a MILC agent shall remain effective until terminated at any time by CCC or the MILC agent or the producers of the dairy operation the MILC Agent is acting on behalf. The MILC agent shall cease obtaining or disbursing MILC benefits upon receiving from CCC a notice of termination.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed on the date set forth above.

(a) Signature of MILC Agent \_\_\_\_\_

(b) For Commodity Credit Corporation BY \_\_\_\_\_  
*(Signature of COC Designee)*

\_\_\_\_\_  
*(Date (MM-DD-YYYY))*

\_\_\_\_\_  
*(Date (MM-DD-YYYY))*

APPROVED ☐
DISAPPROVED ☐

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## 62 Responsibilities

### A MILC Agent Responsibilities

Approved MILC agents are responsible for the following:

- completing CCC-580 on behalf of the producers in the dairy operation they are representing
- submitting the completed CCC-580 to the appropriate County Office for approval
- providing to the appropriate County Office for processing the dairy operations:
  - monthly production evidence
  - other documentation or forms completed by the producer, as required by CCC.
- facilitating communication of program requirements between CCC and producers in the dairy operation
- familiarizing themselves with MILC program policy and procedures as outlined in any MILC program regulations, handbooks, amendments, notices, or instructions issued by DAFP
- receiving dairy operations MILC payment from CCC
- disbursing MILC payment to the dairy operation in the producer's monthly milk check or an otherwise approved manner.

**Note:** Alternate methods of disbursing payments to producers, other than through the dairy operation's monthly milk check, must be requested in writing to the appropriate County Office and approved before using the alternative method.

### B Producer Responsibilities

Dairy producers who authorize a MILC agent to act on their behalf are responsible for fulfilling all MILC program eligibility requirements provided in the following:

- regulations in 7 CFR Part 1430
- directives issued by DAFP.

The producer, **not** the MILC agent, is responsible for certifying compliance with HELC and WC provisions on AD-1026.

**62 Responsibilities (Continued)****C County Office Responsibilities**

The County Office is responsible for the following:

- communicating to the MILC agent MILC program requirements
- ensuring MILC agent has been granted power of attorney on FSA-211 for all producers in the operation
- obtaining approval or disapproval of CCC-582 from COC or designee
- providing necessary supervision for the MILC agent
- assigning producer payments to MILC agents after a completed CCC-36 is received in the County Office
- issuing MILC payments to the MILC agent
- MILC agent compliance reviews according to forthcoming directive
- obtaining approval of alternative methods of disbursing payments to producers from the National Office through the State Office.

**D State Office Responsibility**

The State Office is responsible for the following:

- uniform application of MILC agent policies by County Offices
- forwarding recommendations or requests of alternative methods of disbursing payments to producers to the National Office for approval or disapproval.

**E Termination of MILC Agent Agreement**

MILC agent agreements may be terminated at any time upon 30 calendar days notice in writing to the County Office by any of the following:

- CCC
- MILC agent
- dairy operation.

## Reports, Forms, Abbreviations, and Delegations of Authority

### Reports

None

### Forms

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		10, 35, 60
CCC-36	Assignment of Payment		60, 62
CCC-580	Milk Income Loss Contract (MILC)	36	Text
CCC-580 Appendix	Appendix to Form CCC-580, Milk Income Loss Contract	36	37
CCC-580 Addendum 1	Addendum for Modifications to the CCC-580 Appendix, Milk Income Loss Contract (MILC)	37	
CCC-580M	Milk Income Loss Contract (MILC) Modification	41	40, 41
CCC-582	Milk Income Loss Contract (MILC) Agent Application Agreement	61	60, 61
FSA-211	Power of Attorney		60, 61, 62
FSA-237	Facsimile Signature Authorization and Verification		35
SF-1199A	Direct Deposit Signup Form		20

### Abbreviations Not in 1-CM

Approved Abbreviation	Term	Reference
DMLA	Dairy Marketing Loss Adjustment	Text
MILC	Milk Income Loss Contract	Text

### Delegations of Authority

Redelegation	Reference
Except for those in which CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-580's to CED.	3



## Definitions of Terms Used in This Handbook

### Class I Milk

Class I milk is milk, including milk components, classified as Class I milk under a Federal milk marketing order issued by AMS.

### Commercially Marketed Milk Production

Commercially marketed milk production is a marketing of milk for which there is verifiable sales or delivery record of milk marketed for commercial use.

### Eligible Dairy Operation

An eligible dairy operation for MILC program purposes is any person or group of persons who as a single unit as determined by CCC, produce and market milk commercially produced from cows and whose production facilities are located in the United States.

### Eligible New Dairy Operation

An eligible new dairy operation is any dairy operation purchased by a producer not affiliated with any dairy operation:

- that received a DMLA-III payment
- with an approved CCC-580 with CCC.

### Eligible Producer

An eligible producer for MILC program purposes is any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other legal business enterprise or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in the United States
- directly or indirectly shares in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

